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Czech Competition Authority issued two RPM decisions in the sewing sector with surprisingly low fines

Case summary

The Czech Competition Authority (the 'CCA') has recently issued two separate decisions imposing fines on two sewing machine suppliers for engaging in vertical agreements with their retailers consisting of resale price maintenance ('RPM'). Strima Czech has been fined 4.45 million CZK (approx. 0.15 million EUR) and OK business has been fined 192,000 CZK (approx. 7,827 EUR).

Both Strima Czech and OK Business set minimum or fixed resale prices. Both companies then monitored retailers' pricing and asked retailers to observe these prices. In addition, Strima Czech threatened them with sanctions in case the minimum prices were not maintained. On the other hand, OK Business did not actually enforce its set price policy.

Both companies reached a settlement with the CCA. Therefore, the fines were reduced by 20%. Additionally, Strima Czech had voluntarily stopped its anticompetitive behaviour, which was also taken into consideration by the CCA as a mitigating circumstance when setting the fine. The decisions are final.

Commentary

Both decisions essentially concern the classic RPM scenario and, therefore, there is no need to comment too much on the substance of the cases. As we have informed you, [RPM has been in the spotlight of the CCA](#) for a long time.

However, it is somewhat surprising that the CCA imposed relatively low fines. The fine imposed on OK business amounted to only 0.4% of its 2020 turnover. Vertical price fixing had become the CCA's priority, which has been translated into some record fines amounting to 10% of annual turnovers recently (see our older post about the [Garland case](#)).

It follows from the full text of the decision in [OK business](#) that the CCA considered a rather narrow part of OK business' sales as affected by RPM and, therefore, relevant for the fine calculation. Although OK business supplies sewing machines of several manufacturers, the CCA has established the infringement of competition law in relation to only one brand. It seems that there is room for arguing in future cases that the goods 'affected by

anticompetitive conduct' should not automatically be considered as all goods on the relevant market, but only some narrower segments, e.g., defined by individual brands.

In addition, we observe that the CCA has adopted a sectoral-based approach in its RPM enforcement. It has become common for one CCA investigation to trigger an avalanche of investigations into other undertakings from the same sector suspected of anticompetitive conduct consisting of RPM. This is likely because the Czech market is relatively small. Suppliers often use joint independent distributors, which allows the CCA to examine practically entire sales channels interconnected by a dense network of supplier-buyer links.